



HONORABLE CHRIS VAN HOLLEN
CHAIRMAN

April 23, 2008

Thomasenia Duncan, Esq.
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

MUR # 6002

Re: Complaint against Freedom's Watch, Inc.

Dear Ms. Duncan,

I write this letter to file a complaint pursuant to 2 U.S.C. § 437g(a)(1) against Freedom's Watch, Inc. The facts indicate that Freedom's Watch, Inc. is operating in complete violation of federal campaign finance laws – it has spent funds illegally on ads that have no reasonable interpretation other than as an appeal to vote against a clearly identified Federal candidate, and it has failed to disclose any of its donors. The Commission should immediately investigate these violations.

THE FACTS

On April 13, 2008, Freedom's Watch, Inc. began to air a television advertisement that expressly advocates the defeat of congressional candidate Don Cazayoux on selected stations in the state of Louisiana. Louisiana State Representative Don Cazayoux is a Democratic candidate for the 6th Congressional District in the state of Louisiana. The special general election for the 6th Congressional District will be held on May 3, 2008.

The full script of the television advertisement is attached at Exhibit A.

On April 16, 2008, Freedom's Watch, Inc. filed FEC Form 9, "24 Hour Notice of Disbursements/Obligations for Electioneering Communications", for disbursements made in connection to a television advertisement entitled "Family Taxea." The report indicates that Freedom's Watch, Inc. is a "corporation, labor organization, or qualified nonprofit corporation making contributions under 11 C.F.R. 114.15." Schedule 9-B of the report lists two expenditures totaling \$125,966.80 for media placement and media production. Schedule 9-A of the report is blank – the report fails to identify any person who made a donation aggregating \$1,000 or more for the purpose of furthering electioneering communications.

On information and belief, individual donors to Freedom's Watch, Inc. have the authority to approve or reject projects and communications that are sponsored by the organization. *See, e.g.,* Michael Luo, *Great Expectations for a Conservative Group See All but Dashed*, N.Y. Times, April 12, 2008. Once projects and communications have been approved, individual donations

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00051-00017/2008-1-1207330-1

CONTRIBUTIONS TO THE DEMOCRATIC CONGRESSIONAL CAMPAIGN COMMITTEE ARE NOT TAX DEDUCTIBLE



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are then made for the specific purpose of financing the approved projects and communications. See *id.* Accordingly, if Freedom's Watch, Inc. paid for electioneering communications, then they must have received contributions for the purpose of furthering them. However, Freedom's Watch, Inc. did not disclose a single contribution made for such purpose on its April 16 report. One can only surmise that Freedom's Watch had a special interest in obscuring its donors that relates to this particular race, in this particular district.

ARGUMENT

A. Freedom's Watch, Inc. Made Prohibited Disbursements for Electioneering Communication

A corporation may make an electioneering communication beyond its restricted class only if it can be reasonably interpreted as something other than an appeal to vote for or against a clearly identified Federal candidate. See 11 C.F.R. § 114.15(a). In order to fall within the Commission's safe harbor guidelines, the electioneering communication must not "take a position on any candidate's or officeholder's character, qualifications, or fitness for office." 11 C.F.R. § 114.15(b)(2). Any corporate disbursement for an electioneering communication that is not permissible under 11 C.F.R. § 114.15 is prohibited. See 11 C.F.R. § 114.14(a)(1).

By stating that State Representative Cazayoux's votes in the state legislature in favor of higher taxes have cost voters "too much", the television advertisement takes a clear position on his qualifications and fitness for public office. Airing just three weeks before an election, it cannot be reasonably interpreted as anything other than an appeal to vote against Don Cazayoux. Accordingly, the electioneering communication is *not* permissible under 11 C.F.R. § 114.15, and therefore any corporate expenditure for such communication is prohibited.

Freedom's Watch, Inc. also violated federal campaign finance laws by failing to disclose the name and address of each donor who gave \$1,000 or more to the organization. The Commission's regulations require that every person who has made an electioneering communication in excess of \$10,000 meet certain reporting requirements. One such requirement is the disclosure of all donors that made contributions in excess of \$1,000 since the first day of the preceding calendar year. See 11 C.F.R. § 104.20(c)(8). In a clear violation of federal law, Freedom's Watch, Inc. failed to disclose any of its donors on its April 16 report. (Freedom's Watch purports to be a section 501(c)(4) organization, thus putting all of its donors outside public view. The group seems to be manipulating FEC and IRS rules to avoid disclosing its donors entirely.)

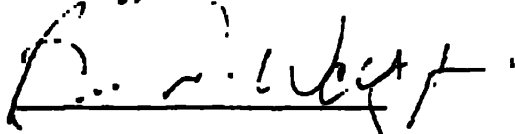
B. Freedom's Watch, Inc. Failed to Disclose Donations Made for Purpose of Furthering Electioneering Communications

Even if the electioneering communication were permissible under 11 C.F.R. § 114.15, a corporation that makes permissible disbursements for electioneering communications must still disclose the name and address of each person who made a donation aggregating \$1,000 or more to the corporation for the purpose of furthering electioneering communications. See 11 C.F.R. § 104.20(c)(9). According to its April 16 report, Freedom's Watch, Inc. is a corporation that has made disbursements for electioneering communications pursuant to 11 C.F.R. § 114.15. Having

made such disbursements, it is therefore required to disclose the name and address of any donor to the corporation that has made contributions aggregating \$1,000 or more for the purpose of furthering electioneering communications. The Commission's regulations require the corporation to disclose all such donations made on or after January 1, 2007. By failing to report any contributions made to the corporation for the purpose of furthering electioneering communications, Freedom's Watch Inc. has acted in contravention of federal campaign finance laws.

For all of these reasons, we demand that the Commission investigate immediately the violations presented herein. We request that Freedom's Watch, Inc. be enjoined from further violations, and be fined the maximum amount permitted by law.

Sincerely,



SUBSCRIBED AND SWORN to before me this 28 day of April, 2008.


Notary Public

My Commission Expires:


William Stone
Notary Public, District of Columbia
My Commission Expires 7/31/2012

Exhibit A

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

Freedom's Watch - LA-06 - "FAMILY TAX" April 13, 2008 MAY 22 P 1:05

VIDEO	AUDIO
Shot of gas pumps. Super "Local gas price hits another all-time high" <i>The Times-Picayune</i> 4/8/08	Family budgets are tight. Times are tough.
Cut to Picture of Don Cazayoux	And Don Cazayoux?
Super "Voted to Raise Taxes"	What's he done to help?
	He voted to raise our taxes.
Super "Cazayoux voted for higher income taxes" <i>Source: Sunday Advocate, 6/16/02</i>	In the legislature, Don Cazayoux voted for...
Super "Higher taxes on utility bills" <i>Source: The Advocate, 6/11/00</i>	Higher income taxes.
Super "higher taxes on groceries" <i>Source: The Advocate, 6/11/00</i>	Higher taxes on utility bills.
Super "Eliminate Child Tax Credit"	Higher taxes on groceries.
Super "Higher taxes on our kids and the cereal they eat"	He even wanted to eliminate Louisiana's child tax credit. That's like raising taxes on our kids.
Super: "Don Cazayoux. He votes have cost you too much"	Higher taxes on our kids, and the cereal they eat.
Call Don Cazayoux at 225-638-8725 and tell him to oppose tax hikes.	Cazayoux's votes have cost youtoo much.
Paid for by Freedom's Watch and not authorized by any candidate or candidate's committee. www.freedomswatch.org	Tell Don Cazayoux to oppose tax hikes.
	Freedom's Watch is responsible for the content of this ad.